

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02
INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02
SS-15 USIA-15 AID-05 COME-00 EB-08 FRB-01 XMB-04
OPIC-06 LAB-04 SIL-01 OMB-01 STR-05 /117 W
-----002371 231207Z /10

P R 230718Z DEC 77
FM AMEMBASSY TOKYO
TO UEHC/SECSTATE WASHDC PRIORITY 3820
TREASURY DEPT WASHDC PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME

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USEEC

USOECN ALSO FOR EMBASSY

E.O. 11652: N/A
TAGS: EFIN, ECON, JA
SUBJECT: MOF PROPOSED FY 1978 BUDGET AND FY 1977 SUPPLEMENTARY
BUDGET

REF: TOKYO 19591

1. SUMMARY: MINISTRY OF FINANCE (MOF) RELEASED DEC 23
PROPOSED DRAFTS OF FY 1978 BUDGET AND SECOND SUPPLEMENTARY
BUDGET FOR FY 1977. THE FOLLOWING TABLES GIVE DETAILS OF
THE MOF PROPOSED BUDGETS, WHICH GENERALLY CORRESPOND TO
OUTLINE REPORTED REFTEL. IN PARTICULAR, FY 1978 BUDGET
EXPENDITURES ARE EXPECTED TO RISE A SUBSTANTIAL 20.3 PERCENT
TO 34.3 TRILLION YEN (APPROXIMATELY \$143 BIL), AND, AS
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ANTICIPATED, NATIONAL BOND ISSUES WILL AMOUNT TO 11 TRILLION
YEN(\$46 BIL) OR 32 PERCENT OF THE GENERAL ACCOUNT BUDGET
EXPENDITURES. (WITHOUT WINDOW DRESSING, IT IS ESTIMATED
THE RATIO WOULD GO UP TO 38 PERCENT.) THE SECOND
SUPPLEMENTARY BUDGET PROPOSED BY MOF WILL BRING THE FINAL
DEPENDENCE ON PUBLIC BOND PROCEEDS THIS FISCAL YEAR TO
10 TRILLION YEN (\$42 BIL) OR 34 PERCENT. END SUMMARY.

2. FOLLOWING IS SUMMARY OF MOF DRAFT JFY 1978 BUDGET IN
BIL OF YEN.

	JFY 1978 PERCENT CHANGE FROM JFY 1977			
	(IN BIL YEN)	INITIAL	REVISED	
GENERAL ACCOUNT BUDGET				
EXPENDITURES	34,296	20.3	16.9	
REVENUES:				
(STAMP AND TAX RECEIPTS)	21,450	17.6	25.2	
(OTHER RECEIPTS)	1,847	7.1	MIN 0.3	
(CARRIED-OVER SURPLUS)	13	MIN 81.9	-	
PUBLIC BOND PROCEEDS	10,985	29.5	10.0	
(BOND DEPENDENCE)	32.0	-	-	
FISCAL LOAN AND INVESTMENT				
PROGRAM	14,042	12.0	N/A	

3. FOLLOWING TABLE SHOWS MOF PROPOSAL FOR GENERAL ACCOUNT
BUDGET EXPENDITURES BY FUNCTION FOR JFY 1978:

	PERCENT CHANGE FROM BIL YEN JFY 1978 FJY 1977			
TOTAL	34,295	20.3	17.4	
SOCIAL SECURITY	6,752	18.6	17.6	
EDUCATION AND SCIENCE	3,800	13.6	13.2	
NATIONAL DEBT	3,195	36.1	41.1	
PENSIONS AND OTHER	1,280	10.1	14.7	
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LOCAL FINANCE	5,849	18.6	25.1	
NATIONAL DEFENSE	1,901	12.5	11.8	
PUBLIC WORKS	5,450	27.3	21.4	
ECONOMIC COOPERATION	244	12.9	7.1	
OTHERS	5,224	14.9	3.5	
RESERVES	500	74.5	16.7	
FUNDS NOT YET ALLOCATED	10	-	-	

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 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02
 SS-15 USIA-15 AID-05 COME-00 EB-08 FRB-01 XMB-04
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4. FOLLOWING TABLE SHOWS MOF PROPOSAL FOR FISCAL LOAN AND
 INVESTMENT PROGRAM ALLOCATIONS BY FUNCTION FOR JFY 1977:

	IN BIL YEN JFY 1978	PERCENT CHANGE FROM PRIOR YEAR (INITIAL)	
		JFY 1978	JFY 1977
TOTAL	14,043	12.0	18.1
HOUSING	3,497	14.9	26.1
WATER SUPPLY, SEWERS AND OTHER UTILITIES		2,048	11.5 9.0
WELFARE	477	15.9	5.9
EDUCATION	631	19.3	105.3
AID TO SMALL AND MEDIUM-SIZED FIRMS		2,374	13.1 19.2
AGRICULTURE, FORESTY AND FISHERY		697	13.0 19.7
LAND CONSERVATION/DISASTER RECONSTRUCTION		171	21.4 25.4
ROADS	1,014	13.8	10.6

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TRANSPORTATION AND COMMUNICATIONS	1,420	10.0	6.5
REGIONAL DEVELOPMENT PROGRAMS	361	3.1	16.7
AID TO BASIC INDUSTRY	405	16.7	15.9
FOREIGN TRADE AND ECONMIC COOPERATION	948	MIN 3.6	13.2

(NOTE: IN MOF BUDGET DRAFT, TOTAL LOAN DISBURSEMENTS BY
 JAPAN EXPORT-IMPORT BANK ARE SCHEDULED TO AMOUNT TO 1,351.9
 BIL YEN (APPROX \$5.6 BIL AT 240 YEN/DOLLAR RATE) DURING
 JFY 1978, SHOWING 5.4 PERCENT INCREASE OVER INTITL JFY
 1977 LEVEL.

5. FOLLOWING IS SUMMARY OF THE PROPOSED MOF DRAFT ON JFY
1977 ECOND SUPPLEMENTARY BUDGETS IN BIL OF YEN:

INITIAL SUPPLEMENTAL FINAL

I II

GENERAL ACCOUNT BUDGET:

EXPENDITURES 28,514 270 562 29,347

REVENUES:

(STAMPS AND TAX RECEIPTS) 18,240 -300 -806 17,134

(OTHER RECEIPTS) 1,724 127 2 1,853

(CARRIED-OVER SURPLUS) 70 304 0 374

PUBLIC BOND PROCEEDS 8,480 139 1,366 9,985

(BOND DEPENDENCE) 29.7 34.0

FISCAL LOAN AND INVESTMENT

PROGRAM 12,538 736 N/A N/A(NOTE)

(NOTE: SECOND SUPPLMENTARY FLIP OUTLAYS EXPECTED TO BE
APPROVED BY THE COUNCIL ON HEEVENING OF DEC 23, THEREFORE
FIGURES ON THEM NOT YET AVAILABLE)

ADDITIONAL BUDGET OUTLAY FOR FJY 1977 PROPOSED BY MOF ON
DEC 23 BY FUNCTION AS FOLLOWS:

(A) GENERAL ACCOUNT BUDGET

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PUBLIC WORKS 366

SETTLEMENT ADJUSTMENT FUND 200

OTHERS (NTE REDUCTION) MIN 4

MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 TOKYO 19591
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 135506
Secure: OPEN
Status: NATIVE
Subject: MOF PROPOSED FY 1978 BUDGET AND FY 1977 SUPPLEMENTARY BUDGET
TAGS: EFIN, ECON, JA
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/257c0efd-c188-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009